

US: More job cuts, falling business and consumer confidence

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Kodak, Texaco, Monsanto and H.J. Heinz all announced substantial job cuts this week, as surveys showed continued decline in both consumer and business confidence. The Labor Department reported Thursday that the number of newly idled workers filing for unemployment benefits jumped by 12,000 last week to the highest level since mid-July. It now seems certain that 1998 will be the worst year for layoffs in the decade, topping the total of 615,000 in 1993. Through October, companies had announced 523,000 job cuts.

Heinz said Tuesday it will eliminate nearly 400 jobs as it combines its Ore-Ida and Weight Watchers frozen foods operations. The company is closing a plant in West Chester, Pennsylvania, a move that will cost 200 jobs. Another 190 jobs will be eliminated by closing the headquarters of Ore-Ida in Boise, Idaho and moving it to Pittsburgh, Heinz's world headquarters.

Also on Tuesday Kodak, the world's largest photography company, based in Rochester, New York, announced that it was eliminating 200 to 300 jobs from its copier-manufacturing business. The copiers, built in a plant in suburban Rochester, are distributed and sold by Danka Business Systems, a London office equipment supplier, that has been experiencing slow sales. The layoffs come on top of Kodak's plans, announced a year ago, to slash nearly 20,000 jobs, one-fifth of its work force, by the end of 1999. The company, locked in a worldwide battle with Fuji, has so far cut 10,000 positions.

Monsanto, the giant biotechnology and pharmaceutical firm, reported plans Wednesday to eliminate up to 2,500 jobs as part of an effort to cut costs and raise \$5 billion to help pay for its recent acquisition of a number of seed companies. The company, based in St. Louis, plans to cut 1,000 of its

more than 28,000 jobs and eliminated 1,500 more through the sale of assets. Monsanto expects to reduce administrative costs by 20 percent by 1999.

Low oil prices have prompted Texaco to cut 1,000 oil-exploration jobs worldwide, about 5 percent of its work force. Two hundred fifty of the jobs will go in Britain and 750 in the US. Earlier in 1998 Texaco cut 100 positions at its company headquarters in White Plains, New York. Texaco, the third largest oil company in the US, suffered a 58 percent decline in third-quarter earnings. Mobil, Unocal, Exxon, Chevron and British Petroleum have also reported lower earnings. One Wall Street analyst called the Texaco jobs plan 'a Band-Aid for a much bigger wound.'

The Big Three auto companies also announced plans for furloughs and plant closings. Chrysler is closing its Sterling Heights, Michigan assembly plant for one week to reduce growing stockpiles of a number of models. Ford is idling workers at its Escort assembly plant in Wayne, Michigan, also for a week, to trim inventories.

Officials at General Motors Corp.'s Delphi Automotive Systems said this week that the company will close a steering-gear plant in Saginaw, Michigan and consolidate production at a nearby plant in Buena Vista Township. Consolidation is expected to begin next summer. Delphi asserts that there will be no layoffs as a result of the move. If the consolidation is 'unsuccessful,' however, the company said it would consider selling off its integral steering gear business.

Fort Worth, Texas-based AmeriTruck Distribution announced Monday that it may cut up to 1,000 jobs because of plans to liquidate its refrigerated trucking division. The company said it has filed for Chapter 11 protection from creditors, primarily because of losses in that division. AmeriTruck officials did not reveal where

the jobs would be lost.

Also reported this week:

- J.P. Morgan & Company, hurt by the turmoil on global markets, will cut its work force by 749 jobs, through layoffs and attrition by the end of the year.

- Callaway Golf Co., based in Carlsbad, California, will eliminate 700 jobs.

- Nine West, a computer software firm, is also cutting 700 jobs.

- LTV Steel will close some of its operations at its Cleveland Works plant, affecting 320 workers, most of whom will be eligible for early retirement.

- Cargill, the agribusiness giant based in Minnesota that employs about 80,000 workers internationally, will eliminate 300 out of 900 jobs at a unit that trades securities and real estate.

- The Aluminum Co. of America announced that it is reducing production at its Eastalco Works plant in Frederick, Maryland, causing 150 layoffs and early retirements. Steadily declining aluminum prices have prompted the move.

In other news, Federal Express hinted that it would permanently reduce the workload of its air shipments division, threatening the jobs of its pilots. Kellogg Co., the cereal manufacturer, has put 2,000 jobs under review for possible layoffs; it employs 14,300 people worldwide. Third-quarter earnings were off by more than 31 percent. AMR, parent company of American Airlines, has announced plans to retire 10 planes earlier than planned and delay service on some international routes because of slowing demand.

Internationally, Japan Airlines has followed Mitsubishi in announcing major jobs cuts. The airline announced Friday that it will slash 2,300 jobs over the next three years, reduce wages and hire foreign workers to restore profitability. Company head Isao Kaneko told a news conference, 'Right now we are passing through a period of turbulence.'

In the US every month in 1998 except one has had higher job cuts than the equivalent month a year earlier. From September 1 through early October, more than 100,000 cuts were announced. In contrast to the downsizing carried out at the beginning of the 1990s, a large number of smaller firms are now wiping out jobs, 20 percent to 60 percent in some cases. From 1992 to 1996 the vast majority of new jobs, an estimated 12 million, were created in firms with fewer than 500

workers.

The Conference Board reported a drop of 9 points in its Consumer Confidence Index in October. 'Growing anxiety about the financial markets, combined with political concerns and recent layoff announcements, have given consumers the jitters,' according to the board's associate director, Lynn Franco. Less than 39 percent of consumers rate current business conditions 'good.' Less than 23 percent expect their family incomes to increase in the next six months.

The Conference Board also revealed that its third-quarter Measure of Business Confidence fell to its lowest reading in more than seven years. Forty-seven percent of CEOs believe economic conditions are worse than they were six months ago, up from last quarter's reading of only 17 percent. Franco commented, 'Chief executives are less optimistic now about the current state of the economy than they have been since the beginning of the decade. Their outlook for the next six months is even more bleak.'

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